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Media Release

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Attorney General Biden urges the U.S. Senate to pass legislation to protect students from deceptive college loan practices

Wilmington, DE – Attorney General Joseph R. Biden, III, joined by Attorneys General from 30 states and the District of Columbia, has urged the U.S. Senate to enact *The Student Loan Sunshine Act*, federal legislation designed to safeguard students from deceptive practices in the college loan industry.

In a letter to Majority Leader, Senator Harry Reid, Minority leader, Senator Mitch McConnell, Senator Edward Kennedy, Chairman of the Senate Education Committee and Senator Michael Enzi, the ranking member of the Committee, the Attorneys General requested that the Senate pass *The Student Loan Sunshine Act* without delay. Starting this week the Senate Education Committee will consider the Higher Education Amendments of 2007, during which *The Student Loan Sunshine Act* is expected to be offered.

The U.S. House of Representatives recently passed this legislation in a near unanimous vote of 414-3.

“Two-thirds of students rely on loans to finance their college education,” Attorney General Biden stated. “Students and their families need to have access to unbiased information from schools and lenders in order to make informed borrowing decisions. This legislation imposes appropriate new procedures to ensure fairness and transparency across the student loan industry.”

The Student Loan Sunshine Act requires every school that participates in the Title IV program or has students obtaining private educational loans to adopt a Code of Conduct. The legislation will restore trust in schools by banning gifts from lenders, participation in lenders’ advisory boards, revenue sharing between schools and lenders, and staffing of school financial aid offices by lenders.

In addition, the legislation:

- Requires that schools’ “Preferred Lender Lists” be created with only students’ best interests in mind.
- Ensures access to any lender, whether or not they appear on preferred lender lists.
- Provides oversight of lenders offering private loans.
- Requires schools to disclose federal loan options before students take out private loans.
- Compels lenders and institutions to fully disclose terms, conditions and incentives for all loans.

“Many of us have served in both Federal and State Government, and we respect the role of each,” the letter from Attorney General Biden and other Attorneys General states. “We are well aware of the power and responsibility of the Federal Government to resolve national issues with uniformity and consistency. This problem cries out for a federal solution that supplements the work of state Attorney General offices across the country.”